

1 SENATE BILL NO. 355

2 INTRODUCED BY M. LANG

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT DISTRIBUTING LODGING FACILITY USE TAX REVENUE TO
 5 COUNTIES WITH LARGE AMOUNTS OF STATE LAND; REVISING DISTRIBUTION OF LODGING FACILITY
 6 USE SALES TAX REVENUE; PROVIDING AN APPROPRIATION; AMENDING SECTION SECTIONS 15-65-
 7 121 AND 90-1-135 15-68-820, 22-3-1303, AND 22-3-1307, MCA; AND PROVIDING AN EFFECTIVE DATE
 8 AND A TERMINATION DATE."

9
 10 WHEREAS, the state owns large amounts of land in some counties and that land is exempt from
 11 property taxes; and

12 WHEREAS, in counties where more than 6% of the land area is owned by the state, the state
 13 exemption for property taxes places an undue burden on schools and local governments; and

14 WHEREAS, tourists use these public lands, which justifies distributing a portion of the lodging facility
 15 ~~use SALES~~ tax to those counties most affected by large state land ownership.

16
 17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18
 19 **Section 1.** Section 15-65-121, MCA, is amended to read:

20 ~~"15-65-121. Distribution of tax proceeds. (1) (a) The proceeds of the tax imposed by 15-65-111~~
 21 ~~must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special revenue~~
 22 ~~fund to the credit of the department. The department may spend from that account in accordance with an~~
 23 ~~expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the~~
 24 ~~proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 17-~~
 25 ~~2-124 and as provided in subsections (2)(a) through (2)(h)(2)(i) of this section, the department shall determine~~
 26 ~~the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount~~
 27 ~~from the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that~~
 28 ~~was paid with federal funds to the agency that made the in-state lodging expenditure and deposit 30% of the~~

1 amount deducted less the portion paid with federal funds in the state general fund. The amount of \$400,000
 2 each year must be deposited in the Montana heritage preservation and development account provided for in
 3 ~~22-3-1004.~~

4 ~~(b) The amount of \$482,000 must be distributed annually to the following counties and in the~~
 5 ~~percentage allocations indicated:~~

6 ~~(i) Daniels County, 69.4%;~~

7 ~~(ii) Chouteau County, 12.89%;~~

8 ~~(iii) Liberty County, 2.64%;~~

9 ~~(iv) Hill County, 1.76%;~~

10 ~~(v) Judith Basin County, 0.87%;~~

11 ~~(vi) Toole County, 1.14%;~~

12 ~~(vii) Wheatland County, 0.98%;~~

13 ~~(viii) Teton County, 1.03%;~~

14 ~~(ix) Prairie County, 0.07%;~~

15 ~~(x) Lake County, 2.47%;~~

16 ~~(xi) Fallon County, 3.29%;~~

17 ~~(xii) Powder River County, 0.25%;~~

18 ~~(xiii) Carter County, 0.98%;~~

19 ~~(xiv) Custer County, 0.53%;~~

20 ~~(xv) Musselshell County, 0.37%; and~~

21 ~~(xvi) Richland County, 1.33%.~~

22 ~~(2) The balance of the tax proceeds received each reporting period and not deducted pursuant to the~~
 23 ~~expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with~~
 24 ~~federal funds, or deposited in the heritage preservation and development account must be transferred to an~~
 25 ~~account in the state special revenue fund to the credit of the department of commerce for tourism promotion~~
 26 ~~and promotion of the state as a location for the production of motion pictures and television commercials, to the~~
 27 ~~Montana historical interpretation state special revenue account, to the Montana historical society, to the~~
 28 ~~university system, to the state tribal economic development commission, and to the department of fish, wildlife,~~

1 and parks, as follows:

2 ~~(A) 3% TO THE MONTANA HERITAGE COMMISSION FOR THE OPERATION AND MAINTENANCE OF VIRGINIA CITY~~
3 ~~AND NEVADA CITY;~~

4 ~~(a)(B) 1% to the Montana historical society to be used for the installation or maintenance of roadside~~
5 ~~historical signs and historic sites;~~

6 ~~(b)(C) 2.5% to the university system for the establishment and maintenance of a Montana travel~~
7 ~~research program;~~

8 ~~(c)(D) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks~~
9 ~~that have both resident and nonresident use;~~

10 ~~(d)(E) 1.4% to the invasive species state special revenue account established in 80-7-1004;~~

11 ~~(e)(F) 63% 60% to be used directly by the department of commerce;~~

12 ~~(f)(G) (i) except as provided in subsection (2)(f)(ii) (2)(G)(ii), 22.5% to be distributed by the department~~
13 ~~to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the~~
14 ~~total proceeds collected statewide; and~~

15 ~~(ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county,~~
16 ~~resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional~~
17 ~~nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area~~
18 ~~district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-~~
19 ~~county, resort area, or resort area district;~~

20 ~~(g)(H) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state tribal~~
21 ~~economic development commission established in 90-1-131 for activities in the Indian tourism region; and~~

22 ~~(h)(I) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-~~
23 ~~115.~~

24 ~~(3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-~~
25 ~~820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or~~
26 ~~submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be~~
27 ~~allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,~~
28 ~~resort area, or resort area district is located.~~

1 ~~(4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual~~
 2 ~~marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism~~
 3 ~~corporation may be used by the department of commerce for tourism promotion and promotion of the state as a~~
 4 ~~location for the production of motion pictures and television commercials.~~

5 ~~(5) The tax proceeds received that are transferred to a state special revenue account pursuant to~~
 6 ~~subsections (2)(a) through (2)(c), (2)(e), and (2)(f)(2)(A) THROUGH (2)(D), (2)(F), AND (2)(G) are statutorily~~
 7 ~~appropriated to the entities as provided in 17-7-502.~~

8 ~~(6) The tax proceeds received that are transferred to the invasive species state special revenue~~
 9 ~~account pursuant to subsection (2)(d)(2)(E) and to the Montana historical interpretation state special revenue~~
 10 ~~account pursuant to subsection (2)(h)(2)(i) are subject to appropriation by the legislature."~~

11
 12 **SECTION 1. SECTION 15-68-820, MCA, IS AMENDED TO READ:**

13 "**15-68-820. Sales tax and use tax proceeds.** (1) Except as provided in subsections (2) through (6),
 14 all money collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by the
 15 department into the general fund.

16 (2) Twenty-five percent of the revenue collected on the base rental charge for rental vehicles under
 17 15-68-102(1)(b) and 15-68-102(3)(a)(ii) must be deposited in the state special revenue fund to the credit of the
 18 senior citizen and persons with disabilities transportation services account provided for in 7-14-112.

19 (3) (a) The amount of \$482,000 must be distributed annually AT THE END OF EACH FISCAL YEAR to the
 20 following counties and in the percentage allocations indicated:

21 (i) Daniels County, 69.4%;

22 (ii) Chouteau County, 12.89%;

23 (iii) Liberty County, 2.64%;

24 (iv) Hill County, 1.76%;

25 (v) Judith Basin County, 0.87%;

26 (vi) Toole County, 1.14%;

27 (vii) Wheatland County, 0.98%;

28 (viii) Teton County, 1.03%;

- 1 (ix) Prairie County, 0.07%;
 2 (x) Lake County, 2.47%;
 3 (xi) Fallon County, 3.29%;
 4 (xii) Powder River County, 0.25%;
 5 (xiii) Carter County, 0.98%;
 6 (xiv) Custer County, 0.53%;
 7 (xv) Musselshell County, 0.37%; and
 8 (xvi) Richland County, 1.33%.

9 (b) Until December 30, 2024, a portion of the revenue collected on the sale or use of
 10 accommodations and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited as follows:

11 ~~(a)~~(i) 20% in the account established in 22-3-1303 for construction of the Montana heritage center;

12 and

13 ~~(b)~~(ii) 5% in the account established in 22-3-1307 for historic preservation grants.

14 (4) Starting January 1, 2025, a portion of the revenue collected on the sale or use of accommodations
 15 and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited or distributed as follows:

16 (a) 6% in the account established in 22-3-1304 for operation and maintenance of the Montana
 17 heritage center;

18 (b) 6% distributed as provided in subsection (5);

19 (c) 6% in the account established in 22-3-1307 for historic preservation grants; and

20 (d) 7% in the account established in 17-7-209.

21 (5) (a) Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-
 22 124 and as provided in subsection (5)(b) of this section, the department shall determine the expenditures by
 23 state agencies for in-state lodging for each reporting period and deduct 1% of that amount from the tax
 24 proceeds received each reporting period. The department shall distribute the portion of the 1% that was paid
 25 with federal funds to the agency that made the in-state lodging expenditure and deposit 30% of the amount
 26 deducted less the portion paid with federal funds in the state general fund.

27 (b) The balance of the tax proceeds received each reporting period and not distributed to agencies
 28 that paid the tax with federal funds must be transferred to an account in the state special revenue fund to the

1 credit of the department of commerce for tourism promotion and promotion of the state as a location for the
 2 production of motion pictures and television commercials, to the department of fish, wildlife, and parks, and to
 3 the state-tribal economic development commission as follows:

4 (i) 7% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that
 5 have both resident and nonresident use;

6 (ii) 68.5% to be used directly by the department of commerce;

7 (iii) (A) except as provided in subsection (5)(b)(iii)(B), 24% to be distributed by the department of
 8 commerce to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism
 9 region to the total proceeds collected statewide; and

10 (B) if 24% of the proceeds collected annually within the limits of a city, consolidated city-county, resort
 11 area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional
 12 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area
 13 district is located to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-
 14 county, resort area, or resort area district; and

15 (iv) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal
 16 economic development commission established in 90-1-131 for activities in the Indian tourism region.

17 (6) The tax proceeds received that are transferred to a state special revenue account pursuant to
 18 subsection (5)(b) are allocated to the entities."

19

20 **SECTION 2. SECTION 22-3-1303, MCA, IS AMENDED TO READ:**

21 **"22-3-1303. Account -- Montana heritage center construction.** There is an account in the capital
 22 projects fund established in 17-2-102 known as the Montana heritage center construction account. The tax
 23 collections allocated in 15-68-820(3)(a) must be deposited in the account until December 30, 2024. The money
 24 in the account is authorized to the department of administration and may be used only for capital construction of
 25 the Montana heritage center."

26

27 **SECTION 3. SECTION 22-3-1307, MCA, IS AMENDED TO READ:**

28 **"22-3-1307. Historic preservation grant program account.** (1) There is an account in the state

1 special revenue fund established in 17-2-102 known as the historic preservation grant program account. The
 2 tax collections allocated in 15-68-820(3)(b) and (4)(c) must be deposited in the account.

3 (2) Money deposited in the account is subject to appropriation by the legislature and may be used
 4 only for historic preservation grants to be administered by the department of commerce.

5 (3) The department shall allocate and disburse historic preservation account funds as appropriated by
 6 the legislature."

7

8 **Section 2.** Section 90-1-135, MCA, is amended to read:

9 ~~"90-1-135. **Special revenue accounts.** (1) There is a state special revenue account in the state~~
 10 ~~treasury for the receipt of state and private funds and a federal special revenue account in the state treasury for~~
 11 ~~the receipt of federal funds for expenditure by the state-tribal economic development commission established in~~
 12 ~~90-1-131.~~

13 ~~(2) Money in the state special revenue account from proceeds distributed under 15-65-121(2)(g) 15-~~
 14 ~~65-121(2)(h) is to be used for activities for the Indian tourism region, defined in 15-65-101.~~

15 ~~(3) Except as provided in subsection (2), money in the accounts established in subsection (1) must be~~
 16 ~~used to pay:~~

17 ~~(a) the commission's administrative costs;~~

18 ~~(b) the salary, benefits, and administrative expenses of the tribal business center coordinator and the~~
 19 ~~federal grants coordinator; and~~

20 ~~(c) the costs of conducting or commissioning and periodically updating or otherwise modifying a~~
 21 ~~comprehensive assessment of economic development needs and priorities on each of the Indian reservations~~
 22 ~~in the state.~~

23 ~~(4) Money in the accounts that is not expended for the purposes identified in subsection (2) or (3) may~~
 24 ~~be used for other purposes that the commission considers prudent or necessary.~~

25 ~~(5) Interest and income earned on the money in the accounts must be deposited in the accounts for~~
 26 ~~the commission's use."~~

27

28 NEW SECTION. SECTION 4. APPROPRIATION. THERE IS APPROPRIATED \$482,000 FROM THE TAXES

1 COLLECTED PURSUANT TO TITLE 15, CHAPTER 68, TO THE COUNTIES LISTED IN 15-68-820(3)(A) FOR EACH OF THE
2 FISCAL YEARS IN THE BIENNIUM BEGINNING JULY 1, 2021.

3

4 NEW SECTION. Section 5. Effective date. [This act] is effective July 1, 2021.

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6 NEW SECTION. SECTION 6. TERMINATION. [THIS ACT] TERMINATES JUNE 30, 2023.

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- END -